



Arizona Attorney General

Terry Goddard

Educating • Protecting • Empowering

Arizona Consumers



PROTECTING ARIZONA

Arizona
Attorney General's
Office

1275 West
Washington Street
Phoenix, Arizona 85007
602.542.5025

400 West Congress
South Building
Suite 315
Tucson, Arizona 85701
520.628.6504

Outside the Phoenix
or Tucson metro area
800.352.8431

www.azag.gov



Baptist fraud trial becoming model

\$500 million lost by investors

The trial of two men charged with defrauding investors in a massive scheme is becoming a model for how to handle such cases," Goddard said. As the trial progresses, it will set new standards for how to handle such cases. They are accused of taking \$500 million from investors and two counts of illegally converting the funds.

TAX AGENT: 2028 N. 16TH AVE., SUITE 100, TUCSON, AZ 85712. TEL: 520-792-7229. FAX: 520-792-7230.

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SMART SENIORS...

AVOID SCAMS AND FRAUD

MESSAGE FROM THE ATTORNEY GENERAL

As Attorney General, a big part of my job is to protect Arizonans from criminals and the scams they constantly attempt to perpetrate against the public. Because so many crooks and con artists take aim at seniors, I continue to keep older Arizonans in the forefront of our consumer protection work and prosecute violations of the law.

Seniors and their money are often seen by scam artists as easy targets for their fraudulent schemes. Many seniors have a “nest egg” and excellent credit that a con-man will try to tap into. Seniors are usually honest, trusting and too polite to hang up the phone or slam the door in their face. When they are a victim, they may be too embarrassed to report the crime.

Keeping Arizona consumers well-informed provides the best defense against frauds and scams. ***Smart Seniors Avoid Scams and Fraud***, along with the companion videos, provide a wealth of useful information to help protect elderly Arizonans from some of the most widespread fraudulent schemes and rip-offs.



Sincerely,

Terry Goddard
Arizona Attorney General

Hundreds of seniors across the state turned over their junk mail, which was inspected for scams and fraudulent offers.

“It is through efforts such as Seniors Strike Back that we learn of patterns of fraud and illegality.”

Arizona Attorney General Terry Goddard

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Acknowledgements

We want to acknowledge the contributions of many individuals and groups from throughout Arizona who served on the Attorney General's Senior Advisory Committee and helped make this publication possible. Funds for this publication and video were provided by the Sears Consumer Fund.

The information contained in this Guide is for educational use only and does not substitute for the advice of an attorney licensed to practice law in Arizona. Additionally, the Attorney General's Office cannot represent individual consumers. However, our consumer experts look into every complaint and work with businesses to resolve disputes. Complaints that are not resolved by businesses voluntarily are reviewed by our Office for further action.

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SCAM ARTISTS WILL CONTACT YOU BY:



in person



internet



mail



phone



fax



cell phone



TELEMARKETING SCAMS

THE PHONE CALL

THE SCHEME:

Someone calls you with a great offer for a product or service; a bank or credit company needs to “verify” your information; or a charity is asking for a donation.

THE SCAM:

Scam artists pose as telemarketers, bank or credit card company employees, charity volunteers, or election officials to get your money, your identity or the means to get to your money.

A scam artist poses:

- As a telemarketer from a fake company, or a legitimate company he or she doesn’t work for, to trick you into giving them money or a credit card number for a bogus or poorly made product or a service you will never receive or;
- As an employee from your bank or credit card company calling to “verify” or “confirm” your information to trick you into giving them vital personal information, such as your social security number or bank account number or;
- As a kind-hearted volunteer asking for a donation for a fake charity or a real charity to trick you into giving them cash or a credit card number or;
- As an election official or political party asking you to update your voter registration or to register you to vote in order to trick you into giving them your social security number and/or date of birth.

SPOT IT:

Signs of a scam

- The telemarketer does not have or will not give you written material about the product or service.
- You have to act now to get the discount or the supposed “great” deal.
- The telemarketer puts a lot of pressure on you or tries to scare you into buying the product or service.
- The telemarketer asks for an up-front fee for helping repair your credit or finding you a loan. This is illegal.
- The caller asks you to confirm personal information that the company they claim to represent has on file.
- You can only pay by cash, check, money order, debit card or by wiring money, not a credit card. It is harder to dispute these charges and your money is gone before you realize the telemarketer was a scam artist.

STOP IT:

How to avoid being scammed

- Ask a lot of questions.
- Ask for written information.
- Check out a company or charity with the Better Business Bureau (www.bbb.org).
- Tell the caller to put you on their Do Not Call list.
- Put your number on the National Do Not Call Registry (www.donotcall.gov).
- Don't send a check, cash or a money order, wire money, or give out your account information to anyone insisting on immediate payment that you did not contact.
- Don't give out your personal information to a telemarketer or door-to-door salesperson, especially if you have not researched the company or been given any written materials about them.
- Hang up. You do not have to talk to telemarketers.

The Better Business Bureau receives thousands of complaints each year from consumers who have unknowingly purchased multi-year magazine subscriptions through the mail, telemarketers, door to door or the Internet.

Unscrupulous telemarketers sometimes trick consumers into paying hundreds of dollars for multi-year subscriptions to magazines they don't want or can't afford. Oftentimes, the presentations are so slick that consumers aren't even aware they have bought several magazine subscriptions until they receive the bill.

- While there are legitimate companies selling magazine subscriptions over the phone, watch out for salespeople who avoid giving you their name or the company's name.
- If you are contacted by a magazine telemarketer, listen carefully to the initial sales presentation. Don't be afraid to ask questions or interrupt. If you are not interested, say good-bye and hang up. If it sounds like a good deal and you are interested in buying, ask the caller for his or her name, and the name, address and telephone number of the company.
- Carefully review subscription offers that come through the mail and read the fine print.
- Keep a record of your magazine subscriptions and make sure you are not purchasing a duplicate subscription or renewing too far in advance.
- Contact the Better Business Bureau to check out the reliability report on the company selling the magazines. (www.bbb.org).
- Do not give your credit card number or bank account number over the phone unless you are certain you want to buy and you know that the company is a reliable one. Otherwise, your account numbers could be used to make unauthorized purchases.





LOTTERY AND SWEEPSTAKES SCAMS

YOU'VE WON A MILLION DOLLARS

THE SCHEME:

You've won the Grand Prize! You've won the lottery! Or someone from another country has won the lottery, but sadly can't collect so he or she will give you half of the winnings to help him or her.

THE SCAM:

Scam artists ask you for money to collect your winnings (for legal fees, currency conversion, taxes, etc). Or, they might tell you your chances of winning are increased if you buy something. These scam artists may contact you by phone, email, mail or in person by approaching you in public places asking for your help. They may even show you a "winning" lottery ticket they can't turn in.

SPOT IT:

Signs of a scam

- You've won a lottery or a sweepstakes you did not enter.
- You are sent "advances" on your winnings in the form of a phony check and then you are asked to send back money for taxes, shipping or other fees.
- You are told that buying a product or the more products you buy will improve your chances of winning a contest.
- Someone from another country wants you to help them collect lottery winnings by providing access to your bank account.
- You've won a lottery in or are being offered lottery tickets from another state or country. It is against U.S. law to sell or purchase lottery tickets across a border by phone or mail.
- Beware of being asked to verify your identity in order to receive your money or prize.

STOP IT:

How to avoid being scammed

- Remember: in a legitimate lottery, the winner makes the contact to collect their winnings. Lotteries don't contact you. You can't win a lottery you never entered!
- Do not respond to phone calls, emails or letters saying that you have won a lottery or sweepstakes, you have the chance to win by buying something or someone needs your help in collecting their winnings.



- Do not wire money to anyone for “taxes” or “legal fees” to collect your supposed winnings.
- If someone wants you to go to your bank to take out cash, do not do it.
- Do not give your bank account number, social security number or any other personal information to someone claiming that you have won a prize.

Terry Goddard Reminds Seniors to be Aware of Lottery and Sweepstakes Scams

(Phoenix, Ariz. – March 8, 2010)

Attorney General Terry Goddard today advised seniors to be aware of lottery and sweepstake scams that are currently on the rise in Arizona. Taking protective measures helps to ensure seniors are not victims.

“With many scam artists taking aim at seniors, I want all Arizonans to be armed with the knowledge they need to stay safe and stop crimes before they happen,” Goddard said. “Prevention is always better than prosecution.

The best defense against scams and frauds are seniors who spot the warning signs and stop those scams before they happen.”

The scam usually starts with a phone call, a letter, or an email telling seniors that they’ve won a sweepstakes, lottery, or expensive new car. The phone callers often say they are with the IRS, FBI, U.S. Attorney, Federal Trade Commission or even international businesses. They usually explain to the “winner” that to receive the grand prize they need to pay money to cover taxes or insurance fees. They tell the winner to keep the news of their prize confidential and give instructions to wire the money to a foreign country to claim the multi-million-dollar check. Once the “winner” pays \$500, or \$1,000 or even \$5,000, there will be more phone calls with complex reasons why more money needs to be paid to get the prize.

(For the full version of this Scam Alert visit www.azag.gov)





NIGERIAN LETTER “419 FRAUD” SCAMS

HELLO FROM NIGERIA

THE SCHEME:

You receive an email or fax from someone in another country (commonly Nigeria) who needs your help transferring or depositing a large sum of money. In return for your assistance, you are promised a portion of the money for doing nothing more than allowing the money to be transferred to your bank account or setting up a new account.

THE SCAM:

The schemes violate section 419 of the Nigerian criminal code, hence the label “419 fraud.” Just as the transfer of the millions of dollars is supposed to take place, a problem develops. Your millions of dollars are in jeopardy unless you are able to send money to the person making the “transfer” immediately. The scam is likely to be over as soon as you send money. It is also possible that when contact is made with the scammer, you will be asked for your bank account number so that they can “transfer the funds” into your account. Once they have your information, they will empty your account.

SPOT IT:

Signs of a scam

- Beware of any email from anyone asking for your help transferring or depositing what is typically a large amount of money.
- Beware of anyone asking you to wire money.
- Beware of any unsolicited emails proposing business offers.
- Beware of emails requesting any kind of help or service from outside the country, not just from Nigeria.

STOP IT:

How to avoid being scammed

- Do not respond to any emails or other communications from anyone asking for your help transferring or depositing money.
- Do not wire money to anyone in response to this type of request. Wiring money is a very easy way to lose your money to a scam artist without being able to recover it. Once a wire transfer is completed, it is almost impossible to trace who picked up the money.
- Report scams and send letters to the U.S. Secret Service (www.secretservice.gov), FBI office (www.fbi.gov), Internet Crime Complaint Center (www.IC3.gov) or the U.S. Postal Inspection Service (<http://postalinspectors.uspis.gov>). You can also register a complaint with the Federal Trade Commission (www.ftc.gov).



Terry Goddard Offers Tips to Avoid Sports Ticket Scams

(Phoenix, Ariz. – Dec. 22, 2009)

Attorney General Terry Goddard urges sports fans to take common sense precautions to avoid scams when purchasing tickets to the major football games in the days ahead.

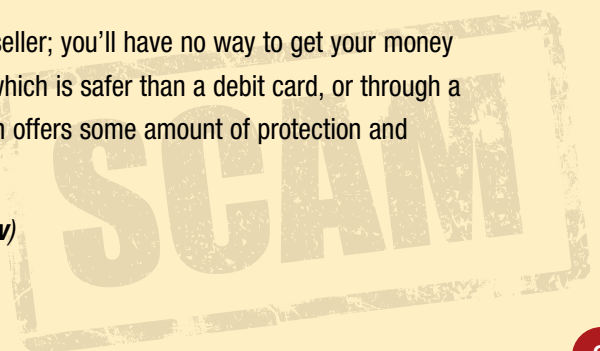
“With the Cardinals clinching the NFC West Division championship and heading to the playoffs for the second year in a row, as well as the U of A heading to the Holiday bowl and Glendale hosting a great Fiesta Bowl matchup, Arizonans have several games to get excited about,” Goddard said. “By protecting your personal information and making sure the companies you are buying from are legitimate, you can protect yourself from ticketing and travel scams that arise around these big games.”

Many of the most common scams are designed to obtain personal financial information, such as bank account or Social Security numbers.

Goddard recommends the following steps when buying event tickets:

- Purchase tickets directly from the team or the venue where the event is going to be held. If you go through a ticket broker, do a little homework. Check with the Better Business Bureau to see if complaints have been filed against the company and look for the BBB online seal.
- When buying through an online auction site, do not let the individual seller lure you away from the original Web site. Any guarantee offered by the ticket broker online may be lost if you purchase tickets outside its Web site.
- Before buying tickets, check the event's Web site to make certain the seats and the section exist. If a phone number is listed on the Web site, call the number to see if it is correct and working.
- Never pay with a cashier's check or wire money to the seller; you'll have no way to get your money back if the tickets never arrive. Pay with a credit card, which is safer than a debit card, or through a neutral third-party escrow service such as PayPal, which offers some amount of protection and potential reimbursement.

(For the full version of this Scam Alert visit www.azag.gov)





COUNTERFEIT CHECK SCAMS

CHECK THE CHECK

THE SCHEME:

Someone wants to do business with you. They will send you a check or money order and ask for a portion to be wired back. The check may be for an item you are auctioning on the Internet, a lottery or sweepstakes they claim you have won, a service you provide such as music lessons, something you are selling through the newspaper or other products you are selling.

THE SCAM:

The check or money order is a fake. Some are so well produced and look so authentic, even bank tellers cannot recognize them as counterfeits. Banks have a certain number of days to make the funds available to you so the money shows up in your account, but the check or money order hasn't actually cleared. By the time the check bounces, you have already wired the money to the scam artist. You will be held responsible for the cash you received from the counterfeit check.

SPOT IT:

Signs of a scam

- Someone from a foreign country contacts you at random wanting to do business.
- Someone purchasing a product or service from you sends you a check for much more than the item or service costs and then asks you to wire the extra money back or to a friend at a different address.
- An email, letter or phone call claims you've won a lottery or sweepstakes that you did not enter.
- After sending you a check or money order, the lottery/ sweepstakes representative asks for money to cover fees such as taxes or shipping.
- Even if a check or money order looks real, it could still be an elaborate fake with watermarks and "security features" to make the check look legitimate.

STOP IT:

How to avoid being scammed

- Never accept a check or money order for more than the price of an item you are selling from someone you do not know.
- Never wire money to anyone you do not know and trust.
- Do not respond to any unsolicited emails from someone you do not know asking to do business.
- Do not respond to anyone claiming you have won a lottery or contest you did not enter.
- Do not send money for “taxes” or any other type of fee for a prize or lottery someone claims you have won.
- Wait until a check completely clears, which can be up to a month, before using any of the money, even if your bank account reflects the amount.
- Do not verify, confirm or give out personal information to anyone without confirming their identity.





PHISHING SCAMS

GONE PHISHIN'

THE SCHEME:

You receive an email, text message or automated phone call from what appears to be your bank or other financial institution warning you that there is a problem with your account; it has been locked due to too many unsuccessful attempts to access the account, or some other reason that requires you to “verify” or “confirm” your information and/or identity.

THE SCAM:

The message contains a link to a “spoofed” website that has all the appearances of your bank or another financial institution or company. The website requires you to enter such confidential information as your bank account number, ATM PIN, credit card number or social security number. Vishing, or voice phishing, is a twist on the phishing scam. Instead of asking you to click on a link to a bogus website, the vishing email, text message or phone call will ask you to call a financial institution or bank to verify your information and/or identity. When you call the number provided, you will be connected to an automated response system or a person pretending to work for the financial institution. The person or the automated response system will ask you to provide personal and confidential information such as your credit card number, your card's three-digit security code or social security number. As in the phishing scam, once you have provided this information, the scammer can use it to drain your bank account, open other accounts in your name and steal your identity.

SPOT IT:

Signs of a scam

- You receive an email, text message or automated phone call urgently asking you to verify or confirm information such as your social security number or your bank account number. A legitimate financial institution, the IRS, or the Social Security Administration will not call or email you asking to verify your information. They might ask for verification only when you call them.
- An email, text message or automated phone call urgently tells you that if you do not verify account information, your account will be frozen.
- An email from your financial institution or from an online vendor includes a link to a website that asks for personal information such as account number, social security number, etc.



STOP IT:

How to avoid being scammed

- If you are still worried about your account being frozen or suspended, do not respond to the message or call the number they provide. Call the bank or company directly from the number you find in the Yellow Pages, internet search or from your statement.
- Do not enter your bank account number, credit card number, social security number or other personal information into a website you were linked to through an email.
- Check the legitimacy of links to websites sent to you in an email by checking for the security padlock on the bottom of the screen a web address beginning with https.
- If you do call the number that you have been given, do not provide your bank account number, credit card number, social security number or other personal information.





PYRAMID SCAMS

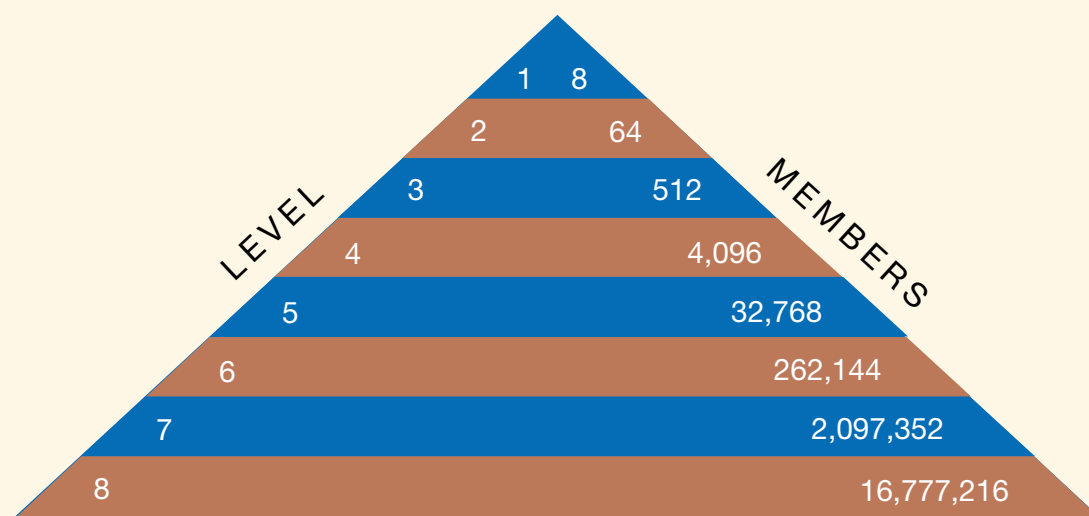
GIVE A LITTLE, GET A LITTLE... OR NOT

THE SCHEME:

As a “moneymaking” scheme, you pay a fee to the person who recruited you and then you recruit others who pay fees to you. If the originator starts by recruiting 8 people, each of those 8 must recruit 8 more. In these schemes, money is made by bringing people into the scheme, not by selling a product or service.

THE SCAM:

There are always victims who lose a considerable amount of money. Mathematically, not everyone can make money with a pyramid scheme. At some point it becomes impossible to recruit enough people so members can be paid off and the pyramid collapses. It is usually only the top levels (which are filled by the scam artists) that ever make a profit. Establishing, operating, advertising or promoting a pyramid scheme is illegal in Arizona.



This pyramid shows how many members would have to be recruited at each level of the scheme for everyone to be paid if the first level begins with 8 people.



SPOT IT:

Signs of a scam

- You are invited to join a “circle” or multilevel marketing plan in which you give a “gift” or “fee” in the form of a money contribution to someone and you make money back when others you recruit give “gifts” or “fees” to you.
- You cannot get your money back.
- The person trying to recruit you to join their “investment opportunity” emphasizes how legal and foolproof it is.
- The legality described to persuade you of authenticity has nothing to do with the structure of the scheme.

STOP IT:

How to avoid being scammed

- Pyramid schemes are illegal in Arizona, so recognize such a scheme even if recruiters call it an “investment opportunity.”
- Always do your research and ask questions before investing. Ask for information in writing.
- Any investment opportunity should be researched and thought about carefully.





EMERGENCY CALL SCAMS

WHEN TROUBLE CALLS

THE SCHEME:

You receive a call from someone who claims to be a loved one with an emergency or from someone who is reporting that a loved one has been in an accident. The caller asks you to wire money immediately and gives you an address that is not familiar to you.

THE SCAM:

A scam artist has gotten enough information about you and your family to try and trick you into believing a loved one is injured or in trouble. They ask you to wire money for assistance not only because it is the fastest way to get your money, but also because it is easy for a scam artist to get the money and never be traced.

SPOT IT:

Signs of a scam

- You have never heard of this distant cousin, grandniece or another family member.
- There doesn't seem to be a logical reason for emergency personnel to call you instead of another emergency contact.
- The caller gives very little information about who they are and what happened to your loved one or family member.
- You are asked to wire money immediately.
- The "grandchild" asks you to keep his/her problem a secret from their parents.



ADS AND FLYERS OFFERING A REWARD

are a common way to find a lost pet, but this practice can also leave the pet owner open to a cruel con. A scam artist who sees the flyer calls to say they have found your lost pet, but wants the reward first. Sometimes the scammer will even ask for more money. The caller may even use the description you provided on the flyer to convince you he really has your pet. The scammer then collects your reward, but never returns the missing pet, because they never had it in the first place.



STOP IT:

How to avoid being scammed

- Try to remain calm and get as much information as you can from the caller. If they claim to be a family member or loved one, ask the caller to confirm yours or their middle name or the city in which they were born. If they claim to be calling about a loved one who was involved in an accident, ask the caller their name, title and the agency they are with.
- If they give you this information, tell them you will be calling the agency to confirm and call directory assistance in the city they claim to be calling from.
- Do not volunteer names of family members or friends.
- Do not wire any money until you have confirmed that your loved one is really in need.
- Do not let a caller work you into a panic because that's how a scam like this succeeds.



Beware of “Grandparent” Scam

(Phoenix, Ariz. - October 16, 2008)

Attorney General Terry Goddard today warned seniors to be cautious if they receive telephone calls from someone who claims to be their grandchild and requests money for an urgent situation. The Attorney General's Office has received information that the “grandparent scam” has made it to Arizona.

In this scam, the fraud artist calls an elderly person and poses as their grandchild. The caller may say something like, “Grandma, I am so glad I reached you” or “Grandpa, it's me, your favorite grandchild calling.” The caller waits for the grandparent to say something like, “Jimmy, is that you?” The caller will agree and state that he or she has either been in a bad accident or is in some type of trouble and needs money immediately. The caller then asks that the money be sent via money order or through a wire service such as MoneyGram or Western Union.

Here are some tips to remember to avoid falling for this type of scam:

Verify your family member's whereabouts by directly calling another family member or the grandchild directly with the number you are familiar with. Do not call the caller with the phone number that person provided.

Don't “fill in the blanks” for the caller. If the caller says, “This is your favorite grandson,” ask “Which one?”

(For the full version of this Scam Alert visit www.azag.gov)





DOOR-TO-DOOR SALES SCAMS

KNOCK KNOCK

THE SCHEME:

Someone comes to your door offering products, services or magazine subscriptions for a low cost.

THE SCAM:

Your magazine subscription could be for years longer than you intended and/or more expensive than you could get it somewhere else; the products are poor quality, do not work or are never received; or the services are over-charged or not performed.

SPOT IT:

Signs of a scam

- The salesperson tells you that you cannot cancel your subscription or order.
- The salesperson doesn't give you a summary of your cancellation rights and a copy of the cancellation form in writing.
- Beware of emotional ploys to get you to order magazine subscriptions, such as raising money for college, and high-pressure sales tactics.
- Children are selling the products.

STOP IT:

How to avoid being scammed

- Don't be pressured into buying anything from a door-to-door salesperson.
- Don't open your door to someone you don't know.
- Read all the paperwork and fine print before you agree to buy.
- Don't pay a door-to-door salesman in cash or a check made out to the name of the person.
- Don't do business with a door-to-door salesman unless you can verify that they have a local office.
- Ask to see the required cancellation notice. You are supposed to have three days to cancel your order if your purchase is over \$25.
- Check on businesses with the Better Business Bureau at www.bbb.org.
- If you suspect fraud, call local police.



Terry Goddard Warns Homeowners to Be Cautious of Storm Repair Scams

(Phoenix, Ariz. – January 22, 2010)

Attorney General Terry Goddard is warning Arizonans to be cautious of unsolicited contractors coming to your door and offering help with repairs or clean-up related to the recent storms that have pounded the State.

Scam artists often try to capitalize on severe storms by taking advantage of homeowners coping with damage. Some unsolicited contractors will claim to have extra materials because they are doing work in the neighborhood. The pitch to the homeowner includes a “discounted” price for materials so the contractor won’t have to throw materials away.

The homeowner is typically given a verbal quote, but never a written estimate for the job. The unsolicited contractor will do the work, and in some cases without the homeowner’s consent, will do additional work. After the job is complete, the homeowner may be presented with a bill that is hundreds or even thousands of dollars more than what was originally quoted. The person will often demand immediate payment and in some cases refuse to leave in an attempt to pressure the homeowner into paying in full.

Goddard cautions Arizona residents to think twice before allowing anyone who shows up after a severe storm to work on your home.

(For the full version of this Scam Alert visit www.azag.gov)



SCAM



HOME REPAIR SCAMS

FIXING A BROKEN WINDOW

THE SCHEME:

A contractor offers to do a home repair for a very low cost, perhaps explaining the low cost by claiming the materials are left over from another job.

THE SCAM:

The contractor...

- Charges an advance fee, then doesn't return to do the job;
- Charges for an estimate;
- Quotes the repair at a low cost, then charges a higher cost after completion of the project;
- Talks you into paying them for repairing something that didn't need to be fixed or;
- Does a very poor, unsatisfactory job.

SPOT IT:

Signs of a scam

- A contractor comes to your door unsolicited and offers services instead of being called.
- A contractor tells you that you need repairs immediately, especially if you did not call the contractor for that specific problem.
- The contractor does not have a state-issued contracting license.

STOP IT:

How to avoid being scammed

- Never pay for the entire job before it has been completed to your satisfaction.
- Ask for a written contract itemizing all work to be done with associated costs and payment terms.
- Make sure the contract is clear and you understand all of it and all the fees.
- Get at least three estimates before you decide on a contractor.
- Make sure there is a guarantee or warranty and it is in writing.
- Ask to see the contractor's state-issued license and request a list of references from previous jobs. It is illegal in Arizona for a contractor to operate without a license.
- Do not hire a contractor without a state-issued license.
- Check a contractor's license and complaint history with the Arizona Registrar of Contractors (www.azroc.gov) and the Better Business Bureau (www.bbb.org).



TRAVEL SCAMS

FLY FOR FREE!

THE SCHEME:

You've been offered a fabulous, cheap or even free vacation. The deal includes a fancy hotel, a cruise and many wonderful sunny days on the beach.

THE SCAM:

Your vacation costs you much more than was promised, the fancy hotel is actually a substandard motel, or you have to attend investment seminars or some other type of seminar the scammers put on to try to get more money from you.



SPOT IT:

Signs of a scam

- There are hidden costs, such as hotels or a plane ticket to the departure point for a cruise.
- Beware of unsolicited emails or faxes for free vacations, especially from a company whose name you do not recognize.
- Nothing is ever really “free”, so look for hidden costs, fees, services or products you have to buy, or something you have to invest in to get your “free” vacation.
- There are restrictions, such as not being able to get the deal during certain times of the year.
- Beware of high-pressure sales pitches for timeshares, products or investment seminars during the vacation.

STOP IT:

How to avoid being scammed

- Read all the fine print before you choose to take a deal on a vacation.
- Research all travel options or use a travel agent who you know and trust.
- Pay for your vacations with a credit card because fraudulent charges can be disputed.
- If you question the legitimacy of a travel deal, do not sign up for it.



INVESTMENT SEMINAR SCAMS

HOW MUCH CAN YOU GIVE?

THE SCHEME:

You will most likely receive an invitation through the mail to a free dinner and seminar at a local hotel or restaurant. Once you've enjoyed your free dinner, you will be subjected to a hard sell investment scheme that promises a "once-in-a-lifetime opportunity" to make a large amount of money.

THE SCAM:

Once the operators have information from you on how much money you have available to invest and even the credit limit on your credit cards, they will pressure you into the investments. The investments may turn out to be bogus or they may be legitimate investments that are not right for you and you lose your money instead of making a profit. If you choose to attend these seminars, be aware that if you give them money, it is often very difficult, if not impossible, to get it back. They will continue to pressure you to invest more and more after the seminar. Often, it can be just as difficult to try to find and contact these operators once they've left town with your money.

SPOT IT:

Signs of a scam

- You receive invitations to investment seminars, usually at hotels or restaurants.
- "The more you invest, the more you stand to gain. How much money do you have available?"
- You are pressured to invest.
- You are promised or "guaranteed" returns for your investments that are above normal.
- You are offered "secret" or "exclusive" tips or techniques for investing.
- There is no disclosure of the risks involved in investing.
- The salesperson doesn't give you a summary of your cancellation rights and a copy of the cancellation form.
- You receive calls from solicitors after the seminar trying to add to your investment.



STOP IT:

How to avoid being scammed

- Be very careful with your money. You can spend a lifetime saving up for your retirement, so do not invest it carelessly.
- Always be in charge of your money. Know what is happening to it and don't let anyone invest it without your knowledge and consent.
- Be informed about investments you want to make.
- Do not invest your money because someone is pressuring you or scaring you by telling you that you will outlive your money supply.
- Research investments instead of investing in whatever opportunity knocks on your door. Information on the legitimacy and complaint history of businesses offering investment opportunities can be obtained from the Better Business Bureau (www.bbb.org) or Arizona Corporation Commission (www.azcc.gov).
- Remember that legitimate investment advisors will charge a reasonable fee for their services.
- Find someone you trust to help you decide what types of investments to make.





SECURITIES FRAUD INTO YOUR POCKET OR DOWN THE DRAIN?

The Office of the Attorney General prosecutes individuals for securities fraud. Losses to Arizonans have reached millions of dollars. Some senior citizens have lost their entire life savings.

Most people think of securities as stocks and bonds, but they can include a wide variety of investments such as promissory notes and profit sharing agreements. If you are offered the opportunity to be a “passive investor” with the expectation that someone else will be managing your money, then the arrangement is probably a security. Securities fraud occurs when someone takes your money to invest in a security but actually keeps the money for themselves. Usually, the person either lies about the security or simply leaves out important facts that could affect your investment decision.

THE SCHEME:

Someone convinces you to invest in a business venture, stocks, a promissory note, or some sort of exotic financial arrangement. They tell you that this is certain to make big money, but you have to act now because everyone is trying to get in on the deal.

THE SCAM:

The scam artist...

- Gives you false information to persuade you into thinking the investment will be profitable;
- Pressures you into an investment that is not suited to you;
- Takes a big part of your money as a “commission” and puts a small amount into the actual investment;
- Sells you assets (such as gemstones or precious metals) at a high mark-up with the promise that they will increase in value, but, in fact, their value does not increase and you end up with an asset worth much less than the price you paid;
- Does not follow through on promises;
- Creates a bogus company or business venture they want you to invest in.

SPOT IT:

Spot the scam artist

- They will try to look the part. They will try to come off as “plain folks” but dress to look professional and successful.
- They will make their company look the part with professional offices, professional-sounding addresses and usually 1-800 numbers.



- They are very friendly and will take a personal interest in your life. They will call often and when they promise to call, but contact will lessen and disappear after you have made the investment.
- They will try to blend in with a group, such as a political or religious group, and use word of mouth to create trust and generate business.
- They will be reluctant to give you important information such as background on the company's partners or the financial track record of the company.
- Scam artists work off your fear, greed and insecurity. They will try to scare you into making an investment or will use promises of high profits with no risk to convince you to invest.

Signs of a scam

- The company or broker is not licensed to sell securities.
- High-pressure tactics are always a big warning. Even if the investment is legitimate, it may not be right for you.
- The deal or venture is "secret" and only the very wealthy or special people are permitted to invest.
- Beware of claims of "no risks." No investment is risk free.
- Beware of "guarantees" of profit.
- Remember that scam artists will go to great lengths to create authenticity, such as lying about business history and creating false references. Looking authentic doesn't mean a business is authentic. Anyone can get a 1-800 number installed in their home.

STOP IT:

How to avoid being scammed

- Use common sense in conducting due diligence to check out the individuals and companies you are considering doing investment business with.
- Check with the Arizona Corporation Commission Securities Division (www.azinvestor.gov) to see if the company or broker is registered to sell securities in Arizona and if the broker or broker's firm has a disciplinary history.
- Check with the SEC (U.S. Securities and Exchange Commission) at www.sec.gov to find out if the company is registered to sell securities such as stocks, assets or partnership.
- Get an independent appraisal of the specific business, asset or venture.
- Ask for a track record of the company, the backgrounds of those promoting it and written proof of where your money is going.

SECURITIES FRAUD (CONT.)

- Never give someone complete control of your money (i.e. a general power of attorney) or allow someone to make investment decisions for you.
- Do your own research and decide what investments are right for you. If you need help, only use brokers or financial advisers with proven track records.
- Never invest in an opportunity or product that is unfamiliar to you.
- Never invest in an opportunity or product pitched to you by someone other than a registered investment professional, such as a broker or financial adviser.

Fraud Artist Gets 21-Year Prison Sentence for \$30 Million Ponzi Scheme

(Phoenix, Ariz. – May 20, 2009)

Attorney General Terry Goddard today announced that Owen A. Vilan, 51, of Mesa has been sentenced to 21 years in prison as a result of a Ponzi scheme he ran that defrauded victims of some \$30 million between 2004 and 2007. Vilan is also required to pay more than \$22 million in restitution to victims.

In April, Vilan pleaded guilty to one count of money laundering and two counts of fraud schemes and artifices, all felonies.

According to court documents, Vilan claimed to be a successful stock-option trader who could produce a 36 percent annual return on investment for his investors. Between August 2004 and March 2007, he successfully solicited some 250 individuals to invest a total of \$25 million in his company, Saguaro Investments (also known as Vilan Enterprises).

Vilan, who is not licensed to sell securities, invested only a portion of victims' money in stock trading activities, much of which he lost. He spent much of the victims' money on himself, his family and associates. The scheme collapsed when Vilan was arrested and could no longer recruit new investors. The victims of the Ponzi scheme were primarily wage earners, many of whom borrowed money, mortgaged their homes or cashed out savings or pensions to invest. Vilan promoted the scheme through referrals of victims, some of whom received commissions.

(For the full version of this Press Release visit www.azag.gov)

RESOURCES (CONT.)

Mohave County

928.753.6247
1.800.782.1886

La Paz County

928.669.9466
1.800.782.1886

REGION 5

Pinal/Gila Council for Senior Citizens
520.836.2758
1.800.293.9393
www.pgscsc.org

REGION 6

Southeastern AZ Governments Organization
520.432.5301
www.seago.org/aaa

REGION 7

Navajo Nation
928.871.6868
928.871.6783
www.naaa.navajo.org

Chinle Office
928.674.2369

Ft. Defiance Office
928.729.4147

Tuba City Office
928.283.3351

REGION 8

Inter-Tribal Council of AZ
602.258.4822
www.itcaonline.com

Arizona Dept. of Health Services

602-364-2536
Long Term Care & Assisted Living Licensing
www.azcarecheck.com

Arizona Dept. of Insurance

602.364.2499 - Phoenix
1.800.325.2548 (Toll Free)
www.id.state.az.us

Arizona Dept. of Financial Institutions

602.771.2800
1.800.544.0708 (Toll Free)
azdfi.gov

Arizona Corporation Commission

602.542.3026 (Phoenix)
520.628.6550 (Tucson)
1.800.345.5819 (Toll Free)
www.azcc.gov

Arizona Corporations Commission - Securities Division

602.542.4242
1.866.verify9 (1.866.837.4399)
www.azcc.gov

Arizona Registrar of Contractors

602.542.1525
1.877.692.9762
www.azroc.gov

Arizona Foundation for Legal Services and Education - Law for Seniors

www.LawForSeniors.org

Arizona Supreme Court- Elder Law Hotline

1.800.231.5441

Community Information and Referral

602.263.8856
800.352.3792 (Toll Free)
www.cir.org

Better Business Bureau of Central/Northern/Western Arizona

602.264.1721 (Phoenix)
1.877.291.6222 (Toll Free)
www.arizona.bbb.org

Better Business Bureau of Southern Arizona

520.888.5353 (Tucson)
www.tucson.bbb.org

Arizona Legislative Information Services (ALIS)

602.542.4236
www.azleg.gov

Arizona Secretary of State

602.542.4285 (Phoenix)
520.628.6583 (Tucson)
1.800.458.5842 (Toll Free)
www.azsos.gov

Arizona Department of Veterans Services

4141 North Hererra Way
Phoenix, AZ 85012
602.248.1550
www.azdvs.gov

US GOVERNMENT AGENCIES

Federal Communications Commission (FCC)

1.888.225.5322 (Toll Free)
1.888.835.5322 (TTY)
www.fcc.gov

Federal Trade Commission (FTC)

Consumer Response Center
202.326.2222
1.877.FTC.HELP (382.4357)
[TTY 1.866.653.4261]
ID Theft Hotline
1.877.ID.THEFT(1.877.438.4338)
[TTY 1.866.653.4261]
www.ftc.gov

Do Not Call Registry
1.888.382.1222 [TTY 1.866.290.2436]
www.donotcall.gov

Internet Crime Complaint Center - IC3

www.ic3.gov

U.S. Department of Housing and Urban Development (HUD)

602.379.7100 (Phoenix)
520.670.6000 (Tucson)
www.hud.gov

**U.S. Postal Service Inspection Service -
Criminal Investigations Service Center
Report Mail Fraud**

1.877.876.2455 (Toll Free)
1.800.372.8347 (Postal Inspection Service Mail
Fraud Complaint Center)
www.usps.com
<https://postalinspectors.uspis.gov/>

Phoenix Center
Attn. Mail Fraud
PO Box 20666
Phoenix, AZ 85036

U.S. Secret Service

www.secretservice.gov
Phoenix 602.640.5580
Tucson 520.622.6822



CREDIT REPORTING AGENCIES

Check your credit report. Each of the major nationwide consumer reporting companies is required to provide you with a free copy of your credit report, at your request, once every 12 months. To order your free annual credit report from one or all the consumer reporting companies, visit www.annualcreditreport.com or call 877.322.8228. You may also order your credit report by contacting any of the following credit reporting agencies:

Equifax

P.O. Box 740241
Atlanta, GA 30374
1.888.766.0008
www.equifax.com

Experian

701 Experian Parkway
Allen, TX 75013
1.888.EXPERIAN (397.3742)
www.experian.com

TransUnion

Fraud Victim Assistance Division
P.O. Box 6790
Fullerton, CA 92834-6790
1.800.680.7289
www.transunion.com

For a free annual copy of your credit report, contact:
Annual Credit Report Request Service
P.O. Box 105283
Atlanta, GA 30348-5283
1.877.322.8228
www.annualcreditreport.com

SCAM ALERTS

Sign up for the Attorney General's Scam Alerts at www.azag.gov. These alerts allow you to stay ahead of the rapidly changing consumer scams and schemes.



For More Information and Tips to Protect Seniors from Scams and Fraud the following publications and videos are available from the Arizona Attorney General's Office.



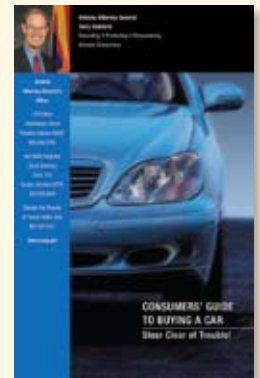
Charity Scams
Get the Facts + video



Office of Victim Services



Identity Theft Repair Kit
+ video



A Consumer's Guide to
Buying a Car. Steer Clear of
Trouble + video



Top 10 Consumer Scams



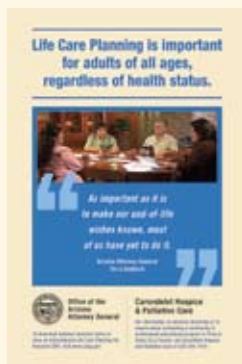
Protecting Elders (Video)



Smart Seniors Avoid
Scams and Fraud +Video



Avoiding Loan
Modification and
Foreclosure Scams
+ video



Life Care Planning Packet
+ Video



CRIME AND FRAUD PREVENTION INITIATIVES

The Attorney General's Office includes **Satellite Offices** throughout the State and the **Fraud Fighter Van**. Satellite Offices make it easier for residents to get information on crime prevention, consumer fraud, and civil and victims' rights issues in their own neighborhoods. Fraud Fighter Volunteers are available to make educational presentations to community groups and distribute materials at local events. A complete list of Satellite Office locations and schedule of events are posted on the Attorney General's Web site at www.azag.gov. The Fraud Fighter Van is the newest tool to bring services and information to senior centers, libraries and neighborhoods. The Fraud Fighter Van is filled with information about identity theft, scam alerts, Internet safety and much more.



ARIZONA ATTORNEY GENERAL
Fraud Fighters
PROTECTING ARIZONA CONSUMERS

For more information, contact:

Crime, Fraud & Victim Resource Center
Arizona Attorney General's Office
1275 West Washington Street
Phoenix, Arizona 85007
602.542.2123 or 800.352.8431
communityservices@azag.gov

400 West Congress, South Building
Suite 315
Tucson, Arizona 85701
520.628.6504

Subscribe to the Attorney General's scam alerts and messages on current issues at www.azag.gov.

Other publications available from the Arizona Attorney General's Office include:

- Top 10 Consumer Scams
- Charity Scams
- Civil Rights:
 - Employment Discrimination - Get the Facts
 - Discrimination in Places of Public Accommodation
 - Housing Discrimination - Get the Facts
 - Voting Discrimination
- Consumer Guide for Young Adults
- Consumers' Guide to Buying a Car
- Identity Theft
- Internet Safety Guide for Parents and Teens
- Avoiding Loan Modification and Foreclosure Scams
- Life Care Planning
- Predatory Lending
- Victim Services



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